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C O N F I D E N T I A L SECTION 01 OF 02 PORT OF SPAIN 000299

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STATE FOR WHA/EPSC, WHA/CAR, EEB/ESC/IEC

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TAGS: [EPET](#) [ENRG](#) [EINV](#) [ECON](#) [VE](#) [TD](#)

SUBJECT: T&T PM MANNING MEETS CHAVEZ, SIGNS GAS AGREEMENT

REF: A. PORT OF SPAIN 220

[B](#). CARACAS 610

[C](#). PORT OF SPAIN 233

Classified By: DCM Eugene P. Sweeney reasons 1.4 (b), (d)

[1](#). (C) SUMMARY: T&T Prime Minister Patrick Manning met with BRV President Hugo Chavez for four hours on March 20 and signed a framework unitization agreement, a key step toward joint development of substantial cross-border gas fields. Manning also used the meeting as an opportunity to propose broader cooperation on oil and gas, including supplying gas to Jamaica and oil to PetroCaribe customers, and he announced on his return that Chavez will visit Trinidad in mid-April. Manning resisted pressure to formally sign on to PetroCaribe and cited T&T's "irrevocable commitment" to the FTAA as the reason he could not back Chavez' Bolivarian Alternative for the Americas. Labor Minister Danny Montano told DCM that lobbying by Jamaica and a phone call from Fidel Castro to Chavez had helped break the log-jam in Venezuela-T&T relations, but he underscored that Manning's trip to Caracas was driven by economic necessity, not a desire to take sides in any BRV-USG dispute. END SUMMARY.

[2](#). (U) The framework unitization agreement signed by T&T Prime Minister Manning and BRV President Hugo Chavez on March 20 sets ground rules for joint ownership and development of several cross-border gas fields, but it does not specify on which side of the border the gas will be monetized, nor for what purpose. Individual unitization agreements still must be signed for each field. The GOTT and BRV are set to move first on the Loran/Manatee field, comprising an estimated 10 trillion cubic feet (TCF) of natural gas. The two sides have agreed that 2.7 TCF of the Loran/Manatee gas belong to T&T and 7.3 TCF belong to Venezuela.

PM Manning gets a chance to pitch energy cooperation...

[3](#). (U) In public remarks to an energy sector audience in Port of Spain March 21, Manning described several proposals he had pitched to Chavez during their four-hour meeting in Caracas. First, Manning proposed using the Loran/Manatee gas to supply a new liquefied natural gas (LNG) train in Trinidad that could meet Jamaica's need for 160 million cubic feet/day of natural gas to support increased alumina production by Alcoa. Manning observed that Venezuela has none of the infrastructure in place to produce LNG or otherwise monetize the Loran/Manatee gas, while T&T has infrastructure in close proximity and enough capacity in existing pipelines to

transport the additional gas to Point Fortin in southeast Trinidad, where T&T's four LNG trains are located. At the same time, he suggested that T&T would share expertise to help Venezuela develop its own LNG industry.

¶4. (U) Second, Manning proposed to Chavez that T&T "work with PetroCaribe" by refining more Venezuelan crude for sale to PetroCaribe customers, and in connection with that he invited Venezuela to take an investment stake in a new refinery project in Trinidad. Manning framed these proposals as a way for T&T to continue its traditional role of guaranteeing energy security in the Caribbean, even as Venezuela takes on much of that responsibility as the "new dominant supplier" to the region. At the same time he was careful not to say that T&T would "sign up" for PetroCaribe.

¶5. (U) Manning said Chavez will visit Trinidad in mid-April to sign an MOU based on his proposals for increased energy cooperation. He also signaled that T&T will attend a gas forum meeting organized by Venezuela, to be held in Margarita April 16-17.

¶6. (U) Manning said he and Chavez agreed to disagree on directions for hemispheric trade arrangements. In his March 21 remarks, Manning stressed that T&T is "irrevocably committed" to the Free Trade Area of the Americas (FTAA) and had enlisted CARICOM support in campaigning throughout Latin America to host the FTAA secretariat and the 2009 Summit of the Americas (which Manning referred to as "the next FTAA meeting"). As such, he continued, it would undercut T&T's credibility and integrity to sign on to Chavez' Bolivarian Alternative for the Americas (ALBA).

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...with a little help from Kingston and Havana

¶7. (C) On the eve of Manning's trip to Caracas, GOTT Labor Minister Danny Montano told DCM that two recent interventions with Chavez had broken the long logjam in BRV-T&T relations, which have been blocked since Venezuela launched PetroCaribe. One was a phone call from Fidel Castro to Chavez asking that he stop ignoring Manning's requests to meet and consider making a deal with T&T on energy. Montano speculated that St. Vincent and the Grenadines PM Ralph Gonsalves, who is close to both Manning and Chavez, was able to convince Castro to make this appeal to Chavez. The other was the lobbying of the Jamaicans, as previously reported (reftel A).

"We're not taking sides"

¶8. (C) Montano insisted to DCM that Manning was making the trip out of economic necessity, not a desire to take sides in any BRV-US dispute. Montano underlined that it was absolutely imperative for T&T's future as an energy producer that a unitization agreement be signed with Venezuela to allow the exploitation of the two large cross border gas fields. Energy accounts for the great bulk of T&T's exports and is the key to its economic well-being, but T&T's proven energy reserves are dwindling, currently estimated to run out in 15 years at current rates of production. Montano stressed that any agreement PM Manning signs with Chavez would never constrain the GOTT in any way from continuing to supply oil and gas to the U.S. He added in response to a question that T&T would not join the PetroCaribe scheme nor would it consider backing the Bolivarian Alternative for the Americas (ALBA).

¶9. (C) COMMENT: PM Manning earned condemnation from the Jamaican media and private sector when he had told Jamaican leaders that T&T cannot supply LNG by 2009, but he also opened the door for Chavez to promise LNG to Jamaica that

Venezuela will have difficulty delivering on its own (reftel C). Manning's proposal to work with Venezuela on LNG and PetroCaribe oil seem calculated to reassure CARICOM partners, while keeping T&T out of the business of selling oil and gas at a discount. His offer to refine more Venezuelan oil would also ease financial pressure on Petrotrin, the state-owned company that operates T&T's existing refinery and is already reporting damage to its bottom line from loss of Caribbean market share to PetroCaribe. It remains to be seen how much of this Chavez will accept, but Manning's success in winning Chavez' signature on the unitization agreement is already boosting optimism in T&T's energy sector and giving new momentum to plans for a fifth LNG train in Trinidad. END COMMENT.
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